

Hearing Date: April 22, 2020 at 9:30 am (ET) / 9:30 a.m. (AST)  
Objection Deadline: April 7, 2020 at 4:00 p.m. (ET) / 4:00 p.m. (AST)

UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO

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In re: PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO, *et al.*, (Jointly Administered)

Debtors.<sup>1</sup>

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**OBJECTION OF AMERICAN FEDERATION OF TEACHERS,  
AFL-CIO ON BEHALF OF ITSELF AND ITS LOCAL AFFILIATES, ASOCIACIÓN DE  
MAESTROS DE PUERTO RICO AND ASOCIACIÓN DE MAESTROS DE PUERTO  
RICO-LOCAL SINDICAL, TO MOTION OF OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS PURSUANT TO FEDERAL RULE OF BANKRUPTCY  
PROCEDURE 3013 FOR ENTRY OF AN ORDER RECLASSIFYING  
CLASS 39A AND CLASS 41 CLAIMS UNDER OVERSIGHT BOARD'S  
PLAN OF ADJUSTMENT DATED FEBRUARY 28, 2020**

To the Honorable United States District Judge Laura Taylor Swain:

American Federation of Teachers, AFL-CIO ("AFT"), on behalf of itself and its local affiliates, AMPR (defined below), as and for its Objection to the Motion of the Official Committee of Unsecured Creditors (the "Creditors' Committee") pursuant to Federal Rule of

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<sup>1</sup> The Debtors in these Title III cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233 (LTS)) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Bankruptcy Procedure 3013 For Entry of An Order Reclassifying Class 39A and Class 41 Claims under Oversight Board's Plan of Adjustment dated February 28, 2020 (the "Motion") respectfully represents as follows:

1. AFT<sup>2</sup> is a labor union affiliated with the AFL-CIO that represents over 1.7 million teachers and other professionals in more than 3,000 local affiliates across the United States. AFT's affiliated local chapters in Puerto Rico, Asociación de Maestros Puerto Rico and Asociación de Maestros de Puerto Rico-Local Sindical (together "AMPR") are the Commonwealth's largest public employee labor organizations representing approximately 30,000 active teachers and other public school employees and retirees. AMPR's teachers are dedicated public servants who work to educate the children of Puerto Rico, often under grueling conditions and in the face of the recent devastating hurricanes and earthquakes, and notwithstanding the financial disasters that have wreaked havoc on the education system.

2. AFT and AMPR oppose the Motion to classify general unsecured claims with public employee retiree claims. The Motion is based upon the false premise that the claims of general unsecured creditors should be likened to and are "legally indistinguishable from" the pension and other obligations owed to and earned by public employees who provide faithful service to the Commonwealth.

3. That Creditors' Committee's position ignores:

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<sup>2</sup> AFT is a member of the Creditors' Committee. However, AFT submits this response in its individual capacity and not in its capacity as a committee member, nor in any way on behalf of the Creditors' Committee.

- i. Recent precedent in the governmental insolvency context (see, e.g., In re City of Detroit, 524 B.R. 147, 257 (Bankr. E. D. Mich. 2014) (recognizing the city’s “substantial mission-related justification to propose a higher recovery to its pension creditors” );
  - ii. This Court’s recent pronouncement in its *Memorandum Opinion and Order Denying Renewed Motion of Certain Secured Creditors of the Employees Retirement System of the Government of the Commonwealth of Puerto Rico for Appointment as Trustees under 11 U.S.C. § 926*, dated January 7, 2020 [Case No. 17 BK 3566-LTS, Docket No.763 ] that “unlike the commercial focus of bankruptcy cases of private entities, the ‘primary purpose’ of governmental insolvency proceedings ‘is not future profit, but rather continued provision of public services.’ In re Mount Carbon Metro. Dist., 242 B.R. 18,34 (Bankr. D. Colo. 1999),” such as education, health and safety; and
  - iii. The reality in Puerto Rico that, as with the city in Detroit, the Commonwealth’s “employees and retirees are and were the backbone of the structures by which [it] fulfills its mission.” Id. at 147.
4. AFT and AMPR are and have been emphatic through this PROMESA proceeding and over the years in strongly rejecting and advocating against any and all measures, such as the Motion, whether by the government, bondholders or any party or creditor, which may negatively impact active and retired teachers or the dignified retirement of the public servants of Puerto Rico. The Motion should be denied.

**WHEREFORE**, AFT, on behalf of itself and AMPR, respectfully requests that this Court enter an order denying the Motion and granting such other relief as is just and proper.

Dated: March 5, 2020

By: /s/ José Luis Barrios

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-and-

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